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**HOUSE COMMITTEE ON HOMELAND SECURITY
Subcommittee on Management, Integration and Oversight**

**TESTIMONY OF LEIGH A. BRADLEY
SENIOR VICE PRESIDENT, ENTERPRISE RISK
AMERICAN NATIONAL RED CROSS**

Chairman Rogers, Congressman Meek, and Members of the Committee, my name is Leigh Bradley and I am the Senior Vice President for Enterprise Risk at the American Red Cross.

I want to thank you for providing me with the opportunity to appear before you today to talk about the American Red Cross response to the attacks of September 11th – work that is ongoing to this very day. I appreciate the opportunity to share with you our lessons learned regarding fraud prevention, detection, and controls.

The attacks on the United States that occurred on September 11, 2001, tested the American Red Cross and America in ways we had not experienced as an organization or as a nation. It is a day that will remain burned into the minds of all who witnessed on national television two of our nation's tallest and proudest buildings fall more than 100 stories, a massive inferno at the Pentagon and a plane crash in a remote field in Shanksville, Pennsylvania. Thousands of innocent people died on September 11, including members of the first response community who put their lives at risk to save others. Since September 11, thousands more have since suffered from the physical and emotional stress of responding to these vicious attacks. All who witnessed this day will remember where they were, what they were doing, and will always recount their feelings and emotions as we, as a nation, were overcome with grief.

The American Red Cross had been America's partner in disaster preparedness, prevention and response for nearly 120 years on that fateful day in September. In our long history, we have aided soldiers on the battlefield, supported victims of all disasters, and provided support to first responders.

Our experience in the aftermath of the Oklahoma City Bombings in 1995 helped to prepare us for this day. Almost immediately after the first plane struck the World Trade Center, Red Cross volunteers and personnel were on the scene ready to aid in the response.

I want to acknowledge the work of Alan Goodman who is with me today. Alan is the Executive Director of the American Red Cross September 11th Recovery Program (SRP). For the past four years, Alan has been at the helm of this program, which has provided longer term recovery to tens of thousands of individuals and families, including families of the deceased, the physically injured rescue and recovery workers and their families, and people who were living or working in the areas of the attacks.

Response to September 11, 2001

One year after the terrorist attacks occurred on 9/11, the American Red Cross issued a report to the American people regarding the activities of the Red Cross, the Liberty Disaster Relief Fund, and the execution of the September 11th Recovery Program. Included in this report was a chronology of our response, which is attached to my testimony. (Appendix I)

Before I discuss the Red Cross response to 9/11 and some of the lessons learned, it is important that I briefly share what the Red Cross traditionally does during times of disaster and how this response differed.

The American Red Cross responds to disasters in communities across the nation each and every day. In fact, we respond to more than 70,000 disasters each year. The vast majority of disasters we respond to are single family home fires. We also respond to large-scale disasters, such as hurricanes, floods, tornadoes, and manmade events. There is one constant in all of our response operations and that is to ensure the immediate emergency needs of our clients are met.

Individual client assistance has been provided by the American Red Cross for as long as the organization has been in existence. Red Cross individual client assistance includes much more than just financial support. In fact, traditional individual client assistance has been based on a cadre of services to ensure that the health and welfare needs of our clients are met. This includes feeding and sheltering operations, mental health assistance, first aid, and relief and recovery referrals. We partner with other nongovernmental organizations, the for profit community, and with all levels of government to ensure that the emergency needs of disaster victims are met. In each response, our first priority is to ensure that those affected by disaster have a safe shelter and are provided with the basic necessities of life.

The next priority is to assist families in taking the first steps toward recovery. This is the purpose and concern that individual client assistance is designed to serve. It has long been the case that while shelter, feeding and the distribution of critical items are sufficient to stabilize individuals and families, it is not sufficient to meet all short term emergency needs necessary for disaster victims to begin their individual road to recovery. Critical items of assistance such as resources for food, changes of clothing and bedding bridge the gap between mass care activities and the receipt of state and federal recovery assistance. This allows a family a modicum of independence and a flexible resource for the types of essential items mentioned above. Ultimately, within the framework of disaster assistance provided by other agencies, as well as

state and federal programs, individual client assistance helps bridge the gap between mass care activities and loans, temporary housing, and other assistance.

The response of the American public in the wake of 9/11 was extraordinary. When thousands of Americans needed help following the attacks, tens of thousands volunteered with the Red Cross, and tens of thousands made financial contributions. The American Red Cross received more than \$1 billion in contributions. While the Red Cross often provides financial assistance for the immediate emergency needs of our clients, the intent of our donors was to ensure this money was earmarked for the victims of 9/11.

To that end, we created the Liberty Disaster Relief Fund as a distinct and segregated fund for those financial donations and to assist those directly affected by the September 11th attacks. Former Senate Majority Leader George Mitchell was appointed as the independent overseer of the fund. Under the distribution plan, and consistent with the Red Cross mission of providing immediate emergency disaster relief, the majority of funds were to be distributed to the families of those who were killed in the September 11 attacks, those who were seriously injured, and others directly affected by the disaster.

For an organization that is accustomed to providing de minimus amounts of financial assistance – money that is meant to provide for immediate emergency needs such as a change of clothes, toiletries, or diapers for children – this meant providing much larger sums of money.

The American Red Cross had two phases of response to the tragic events of September 11. Phase One represents the immediate response to the terrorist attacks, dating from September 11, 2001 through October 1, 2002, and is referred to as the Relief Operation Phase. Phase Two encompasses the long term recovery effort, dating from October 2, 2002 to the present, and is referred to as September 11th Recovery Program (SRP) Phase.

Relief Operation Phase

- **Family Gift Program #1 (FGP I)** – The FGP I provided three months of rent, food, utilities and other ongoing expenses to family members of those missing, deceased, or injured from the World Trade Center (WTC), Pentagon, or Shanksville, Pennsylvania events.

SRP Phase

- **Family Gift Program #2 (FGP II)** – The FGP II began on December 6, 2001, and provided six months of living expenses to family members and injured clients who received FGP I and nine months of expenses to clients who initially sought financial assistance after December 2002.
- **Family Gift #3 (FGP III)** – FGP I and FGP II met the early financial needs of the victims covered under the Family Gift Program. The first two gifts were designed to cover the first nine months of living expenses and these gifts were all disbursed prior to June 30, 2002. In January 2002, the Red Cross determined that the Family Gift Program should also cover unmet essential living expenses for an entire year through September 11, 2002. The third

Family Gift (FGP III) was created to cover expenses for the months ending on September 11, 2002. No funds were distributed for FGP III until July of 2002.

Specifically, FGP III granted expenses, depending on whether or not clients received the previous two gifts, to financially dependent immediate and extended family members of decedents, child guardians, and the “seriously injured.” The “seriously injured” were defined as individuals who were in the immediate vicinity of the WTC, the Pentagon or the Pennsylvania crash site on 9/11 and as a result suffered a verifiable, serious physical injury or illness for which they were admitted to a hospital for at least 24 hours between 9/11 and 9/18/01. The FGP III ended on June 15, 2004.

- **The Supplemental Gift Program** - The Supplemental Gift Program began in August 2002. Each estate and seriously injured client was originally eligible to receive a gift of \$45,000 to be distributed to those individuals named as executors or administrators of the estate. On November 13, 2002, the Liberty Committee approved an increase of the gift amount to \$55,000.

To be eligible for the Supplemental Gift, injured clients must have met the FGP III criteria and additionally have been totally disabled for 90 consecutive days. Gifts to estates were awarded with the agreed upon restriction that they be distributed only to individual beneficiaries, rather than to charities or academic institutions. Supplemental gifts made to the seriously injured have no other restrictions following verification of eligibility.

- **Special Circumstances Gift Program (SCG)** -The SCG Program is a needs-based gift provided to seriously injured who qualified for the Supplemental Gift as well as financially dependent extended, nontraditional, and traditional family members who were eligible for the FGP III, had not received substantial amounts of assistance from other sources, and continued to have unmet needs. All awards were determined by a Review Committee on a case-by-case basis, taking into account the individual's unmet financial needs, the level of dependence on the deceased and any 9/11 related special circumstance. The SCG ended in December 2004.
- **Disaster Responders** - Clients who were officially deployed as disaster responders to the WTC, Pentagon, or Pennsylvania are eligible to receive all of the above benefits if they meet other specific criteria, such as for injury or economic need.
- **Additional Assistance** - An additional assistance program began in April 2003 to assist disabled individuals and family members. Eligible clients were able to receive up to six months of financial assistance for demonstrated unmet, essential housing and living expenses. This program ended in December 2005.

To be eligible, family members were required to demonstrate financial need and one of the following: financial dependence upon the decedent, a mental health condition that led to a continuous 90-day period of disability, or had been appointed the legal guardian of the minor child/children of a decedent. Disabled individuals were required to have suffered a 90-day disabling respiratory, mental health or physical disability and demonstrate financial need.

Joint Relief Operation Phase and SRP Phase

- **Displaced Residents** - Clients whose primary residence was south of Canal Street in Manhattan and who were displaced from their homes, had their homes damaged, or had access to their homes disrupted were eligible to receive assistance which may include relocation, temporary housing costs, rent/mortgage, cleaning, moving, storage, and air purifiers.
- **Economically Impacted** - Clients who worked below Canal Street in Manhattan and were unemployed due to the 9/11 attacks were eligible for three months of assistance with rent, food, and utilities until February 7, 2002. After February 7th, clients were eligible for a one month grant disbursed according to household size. The last day for economically impacted clients to register for Red Cross assistance was March 28, 2002.

In total, the September 11 Recovery Program has provided support to nearly 60,000 individuals and families directly affected by the September 11 terrorist attacks. While the direct services provided by SRP, including financial assistance and referral to social work agencies for case management needs, ended on December 30, 2005, the program had been established around five major initiatives:

- **Long Term Mental Health Services** – based on financial need, this program provided financial assistance for services including individual, group and family counseling; psychotropic medication coverage; hospitalization; and inpatient and outpatient substance abuse treatment. Programming will continue through the end of 2007.
- **Long Term Health Care Services** – this program provided financial assistance and clinical case management for uncovered health expenses directly related to injuries or illnesses caused or exacerbated by the events of 9/11.
- **Family Support Services** – This program provided individualized support and guidance to eligible families to ensure that they had access to the resources they needed for their recovery. Trained Red Cross Family Support specialists assisted with determining health care and mental health needs, identifying resources, making referrals, providing assistance through three financial assistance programs, identifying long-term needs and planning for the future.
- **Assistance to Residences** – For displaced residents with ongoing needs, the Red Cross provided air purifiers and HEPA vacuums, helped to relocate individuals and families, and provided reimbursement for expenses incurred during displacement. In addition, this program offered mental health assistance to affected residents who experienced emotional trauma as a result of 9/11.
- **Communication Coordination** – To help meet the needs of those affected by the September 11 attacks and maximize efficient use of resources, the Red Cross coordinated with other groups including community organizations, constituency groups, advocacy organizations, local elected officials, faith-based and interfaith organizations, and other nonprofit and government agencies providing direct services and benefits to those affected. The Red Cross is a founding member of the 9/11 United Services Group (USG), which coordinated 13 service agencies to help ensure that those affected by the events of September 11 were able to

get the help they need. The Red Cross assisted the USG in developing a shared database that has helped various charities provide financial assistance and services to victims of the September 11 attack more efficiently.

At the end of the first quarter of 2006¹, the Liberty Disaster Relief Fund had collected a total of \$1.080 billion. Approximately \$738 million of the funds received has been expended in financial assistance to those directly affected; \$159 million has been expended for immediate and long-term program costs; \$66 million has been expended for indirect services; and about \$60 million has been used for fund stewardship. As of the end of March, 2006, \$55 million remained in the Liberty Fund.

The Red Cross will use the balance remaining in the Liberty Disaster Relief Fund to support non-profit agencies that can deliver a variety of services to the people whose lives were the most seriously affected by the terrorist attacks in the communities where they live and work. These services include mental health and wellness for adults, adolescents and children; health diagnosis and treatment for rescue and recovery workers; financial assistance; and community recovery in lower Manhattan.

Fraud Prevention, Detection and Controls

Waste, fraud and abuse are very serious issues to the American Red Cross. As an independent nonprofit agency, we rely on the donations of the American public to provide services free of charge to victims of disaster. We have an obligation to our donors to ensure that we are good stewards of the donated dollar. The Red Cross treats its obligation to deter and detect fraud or abuse with the utmost seriousness and when appropriate seeks prosecution of fraudulent activity to the fullest extent of the law.

During times of disasters there are individuals who take advantage of the generosity of the American people and of the very agencies and institutions that provide services to those in need. That has held true in all Red Cross disaster responses, and unfortunately, it was evident during our response to September 11. Attached to my testimony are examples of fraud that we witnessed as an organization during our response to September 11. (Appendix II)

We learned a number of valuable lessons in our response to 9/11 and have implemented a number of changes in the Red Cross response to disasters and to prevent, detect and control fraud. I will address some of the lessons learned and elaborate on fraud prevention, detection and controls that have been put in place as a result of our response to 9/11.

But first let me describe the 9/11 compliance and enforcement response. 1,473 cases were investigated by the Red Cross involving actual or potential allegations of fraud, and many of these cases were referred to federal, state and local prosecutors for full investigation and

¹ These figures represent contributions and expenditures through March 31, 2006 and are the most current data available. The next report of the Liberty Disaster Relief Fund will be released on the fifth anniversary of 9/11 on September 11, 2006.

prosecution. There were some cases that were not pursued by law enforcement and these were reviewed by the Red Cross for possible civil prosecution as I discuss below.

Methods of Prevention

The Red Cross executed a number of policies and methods to mitigate fraud from occurring. These include:

1. Except where immediate assistance was necessary, require applicants for assistance to document financial need and/or injury caused or exacerbated by the disaster.
2. For every eligibility requirement, we established a corresponding documentation requirement that was specific and enforced.
3. Required applicants to affirm that the information provided and recorded in the case file was accurate and true.
4. Whether automated or manual processes, developed more effective case tracking mechanisms to detect and track fraud and ensure that those not entitled to benefits did not receive them.
5. Implemented at the outset of any disaster relief effort the types of fraud detection and prevention efforts, including cooperation with other charities and governmental entities.
6. Make certain that all decisions about program design and eligibility criteria were made by a centralized authority and were communicated to the field clearly, in writing.
7. Developed forms and procedures that minimize discretion for case workers and clearly articulated the ground rules for discretionary decisions by supervisors.
8. Delineated clearly the responsibilities of all those involved in the review and approval process by making clear that someone was obliged to make sure all necessary information and documentation was provided.

Methods of Detection

Detection of fraud in the aftermath of September 11th occurred in a variety of ways. The most prevalent and successful methods include:

1. **Casework** – Many cases involved the presentation of false documents, false identities and false victims.
2. **Internal Controls** – Disaster Accounting was alerted to duplication of benefits, forged checks, changes in address, etc.
3. **Neighbors, Family Members and Associates** – Individuals would alert the Red Cross to the possibility of fraudulent claims, which were investigated.
4. **Law Enforcement** – Red Cross was alerted to on-going investigations involving FEMA, NYPD and NYFD as to the possibility of fraud.
5. **Case Audit Unit** – would discover inconsistent data, documentation and statements, which would lead to further investigation.

The Red Cross identified 20 cases as possible targets for civil suits. Hogan & Hartson LLP, a nationally recognized law firm, represented the Red Cross in these civil proceedings on a pro bono basis. After further investigation on these 20 cases, we decided to refrain from pursuing

ten of the 20 cases because of factors, such as an inability to locate and serve the defendant with legal process or the defendant did not have sufficient financial assets that could satisfy a judgment. However, we filed suit in the remaining 10 cases. The total amount sought to recover in these 10 cases is \$111,352. As of this date, two cases have been completed, with \$25,894 recovered through settlements. There is a settlement in a third case for \$15,600, with monthly payments of \$100 for 156 months. The defendant made the first payment but has defaulted on remaining payments. We have filed a motion with the court to enforce the settlement agreement, which is pending. We have obtained a default judgment in a fourth case and we are moving forward with the appropriate procedures to garnish the defendant's wages. The remaining six cases are in various stages of active litigation.

One of the lessons that the Red Cross learned from 9/11 was the need to more aggressively pursue fraud perpetrated against the Red Cross through the civil court process and to include verifying that Red Cross insurers kept their commitments to pay fraud claims filed by the Red Cross. Two cases illustrate this point.

- In the Southeastern Connecticut Chapter matter, the Red Cross filed an employee dishonesty claim with Royal Insurance Company arising out of the embezzlement of 9/11 funds by the Executive Director of the Southeastern Connecticut Chapter. The Red Cross filed a claim with Royal for \$173,657, the total amount of the loss, even though the local prosecutor valued the provable loss as \$120,000. In December, 2003, the Red Cross reached a settlement of our claim with Royal for \$97,710. The policy at the time had a deductible of \$50,000, so we received from Royal \$47,710. It was determined between the Chapter and Red Cross National Headquarters that the Liberty Fund would receive 79% of this settlement.
- In the Hudson County Chapter matter, the Executive Director of the Chapter embezzled \$1,113,577 from the Chapter that was a provable loss. With additional costs associated with the embezzlement that were covered by our fidelity loss policy, the total claim submitted to Royal Insurance was \$2,490,593.70. Royal Insurance paid part of the claim in the amount of \$1,676,024.65 in August, 2003, leaving \$787,796 as an amount that Royal said was not covered by the policy. The Red Cross filed suit against Royal and the case was settled for \$475,000 in November, 2003. Thus, the total amount recovered from Royal in this matter was \$2,151,024.65.

The Red Cross will continue to work with federal, state and local law enforcement regarding fraud against the Red Cross and will actively pursue in the civil courts those provable cases not prosecuted in the criminal courts. The Red Cross also will file appropriate claims with its insurance companies and will pursue claims for any fraud losses against those insurance companies that wrongfully deny claims.

Methods of Controls

The detection and prevention of fraud is a small, but important component of the design of a disaster relief program. The September 11th Program provides myriad examples of the kinds of fraud that people will try to perpetrate if substantial sums of money are available. Many types of

fraud can be minimized by taking proper steps in the design and controls of the eligibility criteria and documentation requirements for the programs.

In developing a response to any disaster, the Red Cross must do at least two things; 1) define the individuals who are eligible to receive assistance and; 2) define the assistance that each will receive.

An important issue for defining eligibility is creating an authoritative list of those who are entitled to benefits/assistance. This was an ongoing problem for all of the charities that responded to the September 11 attacks. In a future disaster, it will be important for the charities and governmental entities to work together to develop a comprehensive list of those injured, deceased, and entitled to benefits. Where an individual seeks benefits for a relative who is not on the list, some additional documentation should be required. Additionally, documentation beyond a simple assertion that an individual was killed must be provided for claims of death. Many of the significant cases of fraud against the Red Cross (in dollar terms) occurred when people falsely claimed that a loved one had been killed.

A well-designed program with appropriate levels of controls should balance the interest in minimizing fraud with the interest in ensuring that victims receive assistance without undue administrative burden.

Failure to obtain adequate documentation or documentation of any kind was a significant problem in the early Family Gift Programs (FGP I; FGP II) when the standards of “assumed” and “attested” eligibility were utilized. Many case files have nothing (other than case worker notes) to substantiate the claims made or the assistance provided. This problem was rectified when the “demonstrated” eligibility standard was used for the final family gift distribution. Although there are numerous examples of individuals who forged documents, a substantive amount of fraud was committed by those who lied, but were never asked to provide documentation to back up their claims. A number of additional suspected fraud cases were identified when applicants were unable to provide the required documentation to substantiate their additional claims of ongoing financial assistance.

Finally, those who design future financial assistance programs must be cognizant that the ability often given to case workers to be creative and flexible in helping applicants to obtain benefits or assistance often has the effect of encouraging case workers to bend or break rules for eligibility. To the extent such flexibility is encouraged, it should be done at the supervisory level and it should be clear that flexibility cannot result in providing additional funds to those who are not eligible.

Coordinated Assistance Network (CAN)

One of the great successes to come out of the entire nongovernmental organization community’s response to 9/11 was the development of the Coordinated Assistance Network (CAN). Our experiences in 9/11 showed clearly that having clients find their way through a web of service providers caused added confusion in an already trying time. Several disaster clients were lost

within the improvised system; others were shuttled from appointment to appointment, having to tell their painful story time and time again.

The Coordinated Assistance Network provides the framework and tools to make casework management easier and more efficient through advanced collaboration and also adds additional safeguards to prevent fraud. CAN enables disaster clients to visit any one of the participating organizations, tell their story, provide required documentation, and – with their permission – have that information shared automatically with the partner agencies that are able to assist them. Through a secure, web-based system, an agency can instantly review each client's specific situation and the services received – in real time – helping to provide better services to the client, eliminate duplication of benefits, and measurably lessen the burden for each participating agency.

Since 9/11

In addition to the valuable lessons we have learned and incorporated as a result of our response to 9/11, our nation has continued to see individuals take advantage of the generosity of the American public and the agencies responsible for helping victims recover from disaster. This past year, the American Red Cross provided assistance to more than 1.4 million families impacted by the devastation wrought by Hurricanes Katrina, Rita and Wilma. \$1.2 billion of emergency financial assistance was provided to those million families. To stop those that attempt to cheat the system, the Red Cross participates in the Department of Justice's Hurricane Katrina Fraud Task Force, which also includes members from the FBI, the United States Secret Service, the Federal Trade Commission, the Postal Inspector's Office, and the Executive Office of the United States Attorneys, among others. The Red Cross is assisting in hundreds of investigations now in progress. Every resource is precious to the Red Cross and we are taking every measure to aggressively pursue any illegal activity. To date, there have been 76 indictments and 55 convictions.

As of June 14, we are investigating 7,109 cases of suspected and actual fraud. These represent a combination of cases turned over to law enforcement and cases being investigated internally. We estimate the potential of approximately \$9.5 million in cases stemming from this fraud.

There were instances where individuals or families received duplicative assistance that was neither fraud nor abuse on behalf of our clients, but rather a simple oversight or human error. I am pleased to report to this Committee today that as of May 1, 2006, the American Red Cross had collected \$2.3 million in returned assistance from clients who had received duplicate payments.

As a result of the fraud we have experienced during and since 9/11 and the 2005 hurricane season, the American Red Cross is incorporating even stronger controls to mitigate future abuses. These include improvements to our Client Assistance System (CAS) software, with reporting enhancements to provide a single system of record to support the delivery of assistance

to those in need; and improvements in chapter advance procedures and new monitoring and control processes to support the use of the cash-enabled client assistance cards (CAC).

Closing Remarks

Mr. Chairman, Congressman Meeks, and Members of the Committee, I want to thank you again for providing me the opportunity to share with you our experiences in our response to September 11. The American Red Cross provided assistance to nearly 60,000 individuals and families impacted by the devastating attacks on America on September 11, 2001. As the September 11th Recovery Program begins to wind down nearly five years after the first plane struck the World Trade Center, the American Red Cross continues to respond to disasters, both natural and manmade, each day in communities across the country.

We are proud to be America's partner in disaster prevention, preparedness, and response, and we urge all Americans to be prepared for whatever disaster may strike.

I am happy to respond to any questions you may have.

Appendix I

September 11, 2001

- Four airplanes are hijacked and crash into the twin World Trade Center towers, the Pentagon, and an open area near Shanksville, Pennsylvania. The terrorist attacks affect tens of thousands of victims and their family members throughout the United States. Millions more across the country and around the world are overcome by grief, fear, and compassion.
- Within minutes, the American Red Cross immediately responds. More than 6,000 trained disaster volunteers are mobilized. Emergency Response Vehicles are deployed to help victims and rescue workers.
- When the towers collapse, an Emergency Response Vehicle from the Red Cross in Greater New York is hit with debris and rubble. There is great concern throughout the organization for the welfare of the staff.
- Volunteers open 13 shelters in the New York area for people left homeless or stranded.
- Volunteer mental health professionals trained in disaster response are dispatched to the shelters, crash sites, the flights' points of origin and destination, and other major transportation hubs, providing physical and emotional support to the victims, their families, rescue and recovery workers and thousands of others affected by the tragedy.
- After the FAA grounds all commercial traffic in the United States, Red Cross chapters across the country help hundreds of thousands of travelers stranded at airports nationwide.
- Respite centers are established near the crash sites to provide the police officers, firefighters, rescue and recovery workers, and others with places to turn for physical and emotional relief.
- The Red Cross begins taking spontaneous donations to help the victims of the attacks and their families. Individuals and businesses in America and around the world begin donating money and blood in record numbers.
- The Red Cross blood donation line receives more than a million calls. (The most received previously in one day was 3,000.)

September 12, 2001

- The City of New York opens the Compassion Center for families whose loved ones are missing. There, the Red Cross provides mental health counseling and meals.
- The Red Cross sets up a phone bank at the offices of PBS affiliate WNET Channel 13. Mental health volunteers take calls there from people in need of assistance. At Red Cross headquarters, a 24-hour Emergency Communications Center is activated.
- At the request of the White House, the Red Cross mans a blood drive for White House staff.

September 13, 2001

- Within one day, volunteers answer more than 13,000 calls at the Emergency Communications Center.
- A special Amtrak train containing relief supplies leaves Union Station in Washington, D.C., bound for New York.
- At the request of Congress, the Red Cross commences a two-day blood drive in Senate and House office buildings.

September 15, 2001

- Three new mental health brochures are released to help people around the country address and cope with the emotional trauma created by the disasters.

September 16, 2001

- Working with Microsoft and Compaq, the Red Cross launches the Family Registration Web, an online network to help unite loved ones with survivors of the attacks.

September 17, 2001

- Acting in part on counsel from the Red Cross, the City of New York moves the Compassion Center to a new location where it becomes the Family Assistance Center. The Red Cross continues to play a

- major role, offering financial assistance, bereavement counseling, guidance and help with gathering information. Red Cross crisis counselors are aboard all shuttles carrying family members to the center. In addition, the Red Cross provides meals for both families and workers.
- When the world financial market reopens, Red Cross mental health volunteers are at major transportation hubs to offer counseling, provide mental health information and to let people know that help is available.

September 18, 2001

- Eighteen teams of Red Cross workers go door-to-door in the Restricted Zone in downtown New York to assist residents who choose to stay in the area. Each team is made up of six people and includes a mental health professional, a disaster specialist, and a family service worker.

September 20, 2001

- The Red Cross establishes the Liberty Disaster Relief Fund as a separate, segregated account to fund relief services related to the September 11 attacks.
- The Red Cross commences a series of blood drives at federal departments, including Commerce, Health and Human Services, Justice, Transportation and Defense.

September 23, 2001

- The Red Cross launches an unprecedented Emergency Family Gift Program to help families of the deceased and seriously injured meet their immediate financial needs. This gift program assesses each family's needs and provides a grant for living expenses such as food, clothing, utilities, mortgage or rent payments, funeral, and related expenses. The program places funds in the hands of families, often within one business day.

September 27, 2001

- The Red Cross launches a nationwide, toll-free hotline offering assistance and referral information for anyone seeking help from the Red Cross. 1-866-GET-INFO and a call center in Virginia become important components of the overall Red Cross response to September 11.

October 9, 2001

- By the end of the fourth week, the Red Cross has served 5,854,373 meals, answered 64,211 hotline calls, and helped people affected by the disaster by making 61,104 mental health contacts and 31,717 disaster health contacts.

October 12, 2001

- The Red Cross announces that at least \$300 million will be needed for the Red Cross response. Because future terrorist attacks seem imminent, the announcement states that funds raised will be spent on other terrorist-relief programs, including a strategic blood reserve, Armed Forces services, and community outreach.

October 31, 2001

- The Red Cross ceases active fund-raising for the Liberty Disaster Fund. At this point, the organization has received more than \$500 million in September 11-related donations.

November 6, 2001

- In testimony before Congressional and Federal officials, the Red Cross announces that it has spent or committed close to \$154 million in less than seven weeks. Within that short time frame, the organization has already helped 25,000 families affected by the September 11 terrorist attacks, provided more than 10 million meals and snacks to families, police officers, firefighters, investigators, and rescue and recovery workers. Trained mental health workers also have provided emotional support to more than 144,000 people.

November 11, 2001

- The Red Cross in Greater New York commences a two-day training seminar for more than 700 tri-state mental health professionals who interact with citizens affected by the events of September 11.

November 12, 2001

- On the second day of the training seminar, Red Cross volunteers on staff at the event are quickly mobilized to serve the needs of victims of a plane crash in Belle Harbor, Queens, a neighborhood that has already lost a number of residents to the September 11 terrorist attacks.

November 14, 2001

- With nearly \$550 million in the Liberty Disaster Relief Fund, the Red Cross announces that it will use the fund to meet the immediate and long-term needs of the victims of the September 11 terrorist attacks exclusively.

December 4, 2001

- The Red Cross extends its financial assistance to economically affected individuals to cover the cost of rent or mortgage, utilities and food for up to three months.

December 27, 2001

- The Red Cross names Senator George Mitchell, former Senate Majority Leader, as the independent overseer of the Liberty Disaster Fund to ensure donors that their contributions will meet the ongoing and long-term needs of the families affected by the September 11 terrorist attacks.
- The Red Cross announces that it will spend \$317.5 million by the end of 2001 on aid to more than 36,000 families affected by the September 11 terrorist attacks.
- At this point, the Red Cross has received more than \$667 million in donations to the Liberty Disaster Fund, which has grown by more than \$100 million since the organization stopped soliciting donations.

January 31, 2002

- Senator George Mitchell and the Red Cross announce the Liberty Disaster Fund Distribution Plan. This plan calls for distributing the majority of funds to those directly affected by the disasters and reserves a portion of the fund to respond to long-term needs of the families, rescue workers, and others affected by the disasters. Senator Mitchell also announces plans to expand the direct Family Gift Program to cover expenses for up to one full year.

March 11, 2002

- Six months after the terrorist attacks, the Red Cross has received \$930 million in contributions, of which it has expended more than \$550 million to date. The organization has distributed \$169 million to more than 3,200 families of the deceased and those seriously injured. More than 51,000 families displaced by the attacks have received \$270 million. An additional \$94 million has funded the provision of 14 million meals, mental health services to 232,000 people and health services to 129,000 people.

May 1, 2002

- Senator George Mitchell releases the first of his quarterly reports on the distribution of the Liberty Disaster Fund. The report states that the Red Cross “fairly responds to the needs of victims, complies with the intentions of Red Cross donors, and is consistent with the Red Cross mission of providing emergency disaster relief.”
- Despite having discontinued solicitation of contributions for the Liberty Disaster Fund for many months, continued donations bring the fund’s size to more than \$950 million, nearly double the amount received when the Red Cross stopped soliciting donations.

June 5, 2002

- The Red Cross announces a series of bold changes in its disaster fund-raising practices. The national initiative expands efforts to educate donors about the Red Cross General Disaster Relief Fund and

institutes a new system of affirmative confirmation and acknowledgement to ensure all disaster-related donations are directed as intended. The program is called Donor DIRECT, which stands for D(onor) I(ntent) RE(cognition), C(onfirmation) and T(rust).

June 21, 2002

- The Red Cross announces the start of the final phase of the Family Gift Program. The Red Cross also announces the Supplemental (Estate) Gift Program, which will provide one-time gifts of \$45,000 to the estates of those who were killed in the attacks, as well as to those who were seriously injured.

August 1, 2002

- Senator Mitchell releases the second quarterly Liberty Disaster Relief Fund report, which finds that the Red Cross continues to distribute the fund properly to meet the needs of the families and individuals affected by the September 11 terrorist attacks. More contributions bring the total receipts to the Liberty Disaster Fund to \$988 million.

August 22, 2002

- The Red Cross announces the details of its September 11 Recovery Program. The Program will allocate more than \$133 million to provide services over a period of three to five years to the families most directly affected by the September 11 attacks. These funds are to be used primarily to help pay for mental health and uncovered health care services, as well as family support and assistance to affected residents in downtown Manhattan.

September 11, 2002

- As the nation marks the one-year anniversary of the terrorist attacks of September 11, 2001, the Red Cross continues to help provide family support, mental health, and spiritual counseling for affected families and individuals. In addition to providing support on the day of the anniversary, the Red Cross is also offering assistance to help pay the expenses for families who wish to travel to a memorial service that will take place in affected cities across the country but who might not otherwise have the means to attend.
- Within one year, \$643 million has been distributed or committed to those directly affected by the September 11 disasters. Another \$200 million is projected to be distributed by year's end depending on the pace of family responses received and the processing and verification of necessary documentation.

Appendix II

Examples of fraudulent cases:

- October 2002** **Daniel Djoro** reported that his brother, “Daniel Zagbre,” had perished while at the World Trade Center for a business meeting. He produced his “brother’s” Social Security number and driver’s license to prove “Zagbre’s” existence. We had flown him from Lansing, Michigan to New York City to retrieve the death certificate. But “Daniel Zagbre” was in fact a fictitious name the defendant himself had used. Djoro eventually defrauded the Red Cross and Safe Horizon out of \$269,000, of which he has repaid \$138,000. (*Prosecuted by Manhattan DA*)
- August 2003** **Cyril Kendall**, a father of 12 children, claimed that a 13th child had died in the WTC attack. He told the Red Cross and Safe Horizon that his son was in the North Tower for a job interview with the American Bureau of Shipping, a legitimate company. To prove the existence of his “son,” Cyril showed Red Cross workers a picture of himself as a young man. He stole over \$119,000 from September 11th Recovery Program and \$190,000 in total. (*Prosecuted by the Manhattan DA*)
- January 2004** **Terry Smith** received over \$136,000 from the Red Cross after claiming his wife died on 9/11 while visiting a friend at the WTC. He also claimed that he and his wife had 10 children and needed the funds for health care and child care. Our staff became suspicious when he was reluctant to produce a New York death certificate. His wife was actually deported to Jamaica in 1999. (*Prosecuted by the US Attorney, Southern District, California*)
- November 2004** **Donna Miller** claimed that her husband, Michael, died in the attack on the World Trade Center. When she was unable to provide documentation of Michael’s death, the September 11th Recovery Program contacted the authorities in Michigan. After further investigation by the Kent County Sheriff’s Department, Detective Steve Moon found that her deceased husband was actually still alive. She collected over \$98,000 from the Red Cross and Safe Horizon. (*Prosecuted by the Kent County (MI) District Attorney*)
- Jonathan Finkelstein** received \$51,000 for injuries he said he suffered as a volunteer paramedic at Ground Zero. However, the September 11th Recovery Program learned that not only was he never at the World Trade Center site, but the documentation supporting his injury claims was forged by his wife at the doctor’s office where she worked. He repaid the \$51,000 in court-ordered restitution upon pleading guilty to the charges. (*Prosecuted by the Manhattan District Attorney*)